

## LOCAL PENSION BOARD

**MINUTES** of the meeting held on Friday, 21 July 2017 commencing at 10.30 am and finishing at 12.10 pm

**Present:**

**Voting Members:**

Alistair Bastin  
Stephen Davis  
Councillor Bob Johnston  
David Locke FCA  
Sarah Pritchard

**By Invitation:** Mark Spilsbury, Head of Pensions, Gloucestershire LGPS Pension Fund

**Officers:**

Whole of meeting Sean Collins, Service Manager (Pensions); Sally Fox, Pensions Manager; Julie Dean (Resources)

*The Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting, together with and decided as set out below. Except as insofar as otherwise specified, the reasons for the decisions are contained in the agenda and reports, copies of which are attached to the signed Minutes.*

### **24/17 APPOINTMENT OF INDEPENDENT CHAIR**

(Agenda No. 1)

The Board were advised that according to national guidance on the creation and operation of the Pension Boards, an independent chair would have no pre-existing employment, financial or other material interest in either the Administering Authority or in any scheme employer in a fund administered by the Administering Authority and would not be a scheme member in a fund administered by the Administering Authority.

The previous Chair of the Board, Graham Burrow, had now retired from the service and members of the Board were advised that his former colleague, Mark Spilsbury, who was now employed at Gloucestershire County Council as Head of Pensions of the Gloucestershire LGPS Pension Fund, was willing to take up the appointment as independent Chair of this Board. As with the previous arrangement, Mark had no links with the Oxfordshire Fund and it would be a reciprocal arrangement with Gloucestershire County Council, at no extra cost to this Authority.

It was therefore proposed, and seconded, that the Board appoint Mark Spilsbury as independent Chair of the Oxfordshire Local Pension Board.

It was **AGREED**:

- (a) to appoint Mark Spilsbury as independent Chair of the Pension Board; and
- (b) that paragraph 53 of the of the Board's Constitution which relates to the special responsibility allowance payable to the independent Chairman of the Board, be waived for the duration of Mr Spilsbury's appointment.

**25/17 WELCOME BY CHAIR**

(Agenda No. 2)

The Chair welcomed all to the meeting.

**26/17 APOLOGIES FOR ABSENCE**

(Agenda No. 3)

There were no apologies for absence.

Sean Collins gave an update on action being taken to fill the vacancy for a new Employer Member to replace District Cllr Roger Cox.

**27/17 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE OPPOSITE**

(Agenda No. 4)

There were no declarations of interest.

**28/17 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 5)

There were no requests to submit s petition or to make an address.

**29/17 MINUTES**

(Agenda No. 6)

The Minutes of the Meeting held on 7 April 2017 were approved and signed as a correct record.

**Matters Arising**

Sean Collins reaffirmed that he was working with the actuary on future cash flow, and the implications, going forward 20 to 30 years. A report would be taken to the next meeting of this Board.

With regard to Minute 21/17 – Risk Register – relating to the possible risk to the Committee of a loss of knowledge and experience since the recent County Council election, Sean Collins explained that a comprehensive training session had been given in the morning and immediately before the first meeting. He added that he was also working up a schedule for a full day's training before Christmas this year, to

which Board members would also be invited. He added also that there were a number of people sitting on the Committee with a reasonable pool of knowledge.

### **30/17 ANNUAL REPORT OF THE WORK OF THE BOARD - 2016 - 17**

(Agenda No. 7)

Members of the Board commented on a draft report of the work of the Board for 2016-17, prior to its submission to the Pension Fund Committee at its next meeting.

The Board received assurances that although the report was meant to take a retrospective look at the work of the Board during the last year, the Committee was already thinking about its work plan for the year ahead which was to:

- continue to engage with developments regarding the Brunel Pension Partnership; and
- continue to keep employer issues and data accuracy as a focus.

The Board looked forward to engaging with the Committee during the next year and welcomed a suggestion from the Chairman of the Committee that a separate, regular item be reserved for the Board on the Committee's future Agendas to enable more engagement to take place.

### **31/17 EMPLOYER MANAGEMENT**

(Agenda No. 8)

The Board welcomed Sally Fox, Pensions Manager, who gave an update on where she envisaged the Team would be by the end of August in relation to the despatch of Annual Benefit Statements. She reported that currently returns had been received from 159 employers and 25 were still outstanding. Of these 145 had been cleared and had balanced, and 126 had subsequently been loaded on the system. 68 employers had ready to run statements. The pensions Regulator had been updated that week.

She reported that work had been undertaken to identify errors much earlier in the process than last year. The principle issues outlined were as follows:

- Employers were giving unclear information where it concerned people with multiple jobs. This required undertaking a 'matching up' process which was difficult and labour intensive. However, progress was being made;
- Outsourcing was also a problem when parts of a company were situated in different areas, in that data could sometimes not be matched, the problem being that multiple jobs had not been correctly identified and data was thus crossing over jobs;
- The payroll for the Academies was taking a long time to resolve;
- There was more concern around those larger employers who had not yet made a return.

Sean Collins reported that the Regulator was moving towards, and would be imposing this year, an approach which was more fines based. This could mean that

the Fund could be liable if the Pensions Team had not shown that it had followed up properly with employers.

The Board asked what proportion of statements would be sent by 31 August and how could the Board assist. Sally Fox responded that all depended upon employers answering the Team's queries and on them giving the correct information. She added that she was confident that the Team would beat the 50% figure issued last year by 31 August, it would prove a challenge to be much higher than 75%. The Team had been working with UNISON on this issue and employers had been reminded that training was available to assist them. Mark Spilsbury added that Gloucestershire was in a similar position and had scaled up their resources to concentrate on the Annual Benefit Statements over the last 2 years, with the result that most were going out within the deadline. However, this had been at a cost to other Performance Indicators. His Committee had accepted that the Pensions Team were making progress.

A member of the Board made reference to the use made by other Pension Funds to the 'I Connect' system, which appeared to reduce the workload in respect of the validation process. Sally Fox responded that whilst she accepted that the validation process was automated, this did not change the fundamental problem which was that data had to be correct and vetted, and if it was incorrect it would be returned. The key focus had to be therefore in ensuring that the submission from employers, whether manual or electronic, was completed in a timely and accurate way.

A member of the Board questioned whether it was possible for data to be simplified to give only one payment reference for employees with more than one job. Sally Fox clarified that under the Regulations, each job had to be treated as a separate employment for pension purposes, with the scheme member entitled to opt out of the pension scheme in respect of one or more jobs, and potentially to receive payment of pension at different times if employment in the separate jobs did not end simultaneously. For that reason, data for each job did need to be clearly identified so that the separate records could be maintained.

A member reported that the Pension Regulator was trying to set up a data template which would be vaguely consistent across all funds. Sally Fox pointed out that each authority in England and Wales had its own discretionary policies which inevitably produced different data requirements. Sean Collins added also that problems with data and its standardisation was a national problem and that a sub-committee of the Scheme Advisory Board had begun to hold discussions around this.

The Board re-affirmed its previous decision to call in particular employers in order to learn and understand the problems encountered from their perspective, together with their successes; and what could be changed by the Committee, or by recommendation to the Government.

In response to a query about whether there were sufficient resources within the Pensions Team to undertake this, Sean Collins explained that there was a need to ensure that staff were recruited and trained, and then retained, to enable the Team to solve and manage issues going forward. The recent new office base in the Oxford Business Park had improved staff retention and had given the Team a stable base.

The Committee had also agreed to procure additional resources under the LGPS Procurement Frameworks to address some of the issues associated with the current backlog of work/queries.

The Board **AGREED** that the letter to employees explaining why their annual benefit statement was late, as agreed at the previous meeting, be copied to the Trade Unions; and to include within the letter some advice that, if appropriate, to go to their Trade Union representative if they were concerned. Sean Collins undertook to alert employers prior to the letter being despatched.

## **32/17 RISK REGISTER**

(Agenda No. 9)

At its meeting on 11 March 2016, the Pension Fund Committee had agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report would also go to each meeting of the Board for review and its comments would then be included within the report made to the next meeting of the Committee.

The Board then considered the report, together with the Risk Register (LPB9), which went before the Pension Fund Committee at its meeting on 23 June 2017. At this meeting it had been decided to amend the 'direction of travel' column in the risk register to provide a narrative statement in order to set out a clearer picture in terms of the mitigation plan. Also at this meeting the Deputy Chairman of the Pension Fund Committee suggested that a 'deep dive' be conducted into a small number of the risks. Since then, Sean Collins had discussed this with his officers and it was suggested that a quarterly report on the Business Plan be submitted to each meeting of the Committee, which will, in turn, address issues contained within the whole of the risk register. This would then meet the request made by the Chairman of the Committee for realistic action plans to match the resources available.

Members of the Board queried the current risk scores given to risks 4, 8 and 10. In respect of the score for risk 4, the Board expressed their concern about the likelihood score given to the risk of Fund Managers under-performing their targets and therefore the pension fund deficit not being reduced as planned. Their concern resulted from the current performance reports which indicated a number of managers were behind targets over both the short and longer terms, and therefore felt that the likelihood score should be increased to either 3 (likely) or 4 (very likely) from the current score of 2 (possible).

In respect of the risk 8 score the Board again felt that the likelihood score of inaccurate or out of date pension liability data as a result of late or incomplete employer returns was understated. This view was based on the number of late or incomplete returns that had been reported at the previous item, and the fact that a further regulatory breach needed to be reported to the Regulator, which may lead to fines.

The third risk score queried by the Board was that of Risk 10 for the risk of insufficient resources to deliver the Fund's regulatory responsibilities. This score reflected the current pressures on the Team resulting from the issues of data quality and the backlog of queries. He paid tribute to the good work of the Team in their endeavours.

The Board **AGREED** that all the above queries be included within the Board's report to the Committee.

### **33/17 BRUNEL PENSION PARTNERSHIP**

(Agenda No. 10)

The Board were informed of the latest position in respect of the development of the Brunel Pension Partnership. Sean Collins circulated a copy of the press release informing the media of the establishment of the new company, which took place on 18 July 2017. The Shadow Oversight Board had also ratified the appointments of all four executive positions and 4 non-executive positions. The company Board had then met on 18 July to sign documents for the contracts. He added that there was a considerable workload to be completed by the Client Group prior to the transfer of assets to Brunel on 1 April 2018.

The Board asked whether the question of whether there should be an exemption from the payment of stamp duty had been resolved with the Treasury. Sean Collins responded that this was one of the first tasks for the new Chief Investment Officer to address.

The Board thanked Sean Collins for his report.

### **34/17 ITEMS TO REPORT**

(Agenda No. 11)

The question of insurance arrangements for meetings of the Board was raised by a Board member. Sean Collins stated that the consensus at Brunel meetings was that as Board were not decision-making meetings, the issue of liability was not likely to arise. Therefore insurance cover was not warranted. The Board expressed some concern that they could still be held liable if it failed to point out any regulatory breach by the Committee, but again it was felt that in such instances, any claim for damages would first be made against the Pension Fund Committee for the actual breach.

The Board decided the following issues should form the basis of the first Board report to go forward to the next meeting of the Pension Fund Committee:

- A general update on administration issues
- Support for progress of the Business Plan
- To query and request the re-examination of risk scores 4,8 and 10
- Employer Management - assistance to be given by the Board and the Trade Unions to the Pensions Team in relation to the engagement with employers.

### **35/17 DATES OF FUTURE MEETINGS**

(Agenda No. 12)

Members of the Board were asked to note the following future dates for both the Pension Fund Committee and the Board:

Local Pension Board (all on a Friday at 10.30am)

20 October 2017  
19 January 2018  
20 April 2018  
13 July 2018  
26 October 2018  
18 January 2019

Pension Fund Committee (all Friday meetings, variable start time depending on training given prior to meetings)

15 September 2017  
1 December 2017  
9 March 2018  
8 June 2018  
14 September 2018  
7 December 2018  
8 March 2019

..... in the Chair

Date of signing .....

- (a) **FIELD**
- (b) **FIELD\_TITLE**